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Chairman: Mr. KUKAN (Slovakia)

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AGENDA ITEM 109: SOCIAL DEVELOPMENT, INCLUDING QUESTIONS RELATING TO THE WORLD SOCIAL SITUATION AND TO YOUTH, AGEING, DISABLED PERSONS AND THE FAMILY

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The meeting was called to order at 10.20 a.m.

AGENDA ITEM 109: SOCIAL DEVELOPMENT, INCLUDING QUESTIONS RELATING TO THE WORLD SOCIAL SITUATION AND TO YOUTH, AGEING, DISABLED PERSONS AND THE FAMILY (A/48/24, A/48/56-E/1993/6, A/48/207, A/48/289, A/48/291, A/48/293, A/48/462, A/48/476, A/48/484; E/1993/50/Rev.1; A/C.3/48/L.2, L.3, L.4)

1. The CHAIRMAN invited the Committee to begin its consideration of agenda item 109 and drew its attention to the documentation under that item. He noted that the three draft resolutions which the Economic and Social Council had recommended to the General Assembly for adoption were available in documents A/C.3/48/L.2, L.3 and L.4. He also recalled that the General Assembly, at its 112th plenary meeting of the forty-seventh session on 20 September 1993, had adopted a draft resolution entitled "International Year of the Family", which had been recommended to it by the Economic and Social Council. That resolution (A/RES/47/237) contained several provisions which called for immediate action, in particular, preparations for the plenary meeting to be held in early December to launch the Year. For details, he referred delegations to document A/47/1011.

2. Mr. BAUDOT (Director of the Division for Social Policy and Development of the Department of Policy Coordination and Sustainable Development and Coordinator of the World Summit for Social Development), introducing agenda item 109, pointed out that social development was a difficult concept on account of the diversity of social systems, which were rooted in different historical and cultural traditions. Yet, much had been achieved, particularly through the Committee, in helping to clarify concepts, define issues, raise awareness of the problems, develop standards and point the way to action by countries singly or collectively.

3. Progress had been made in changing attitudes and promoting greater understanding, particularly with regard to older persons and to persons with disabilities. That progress, however, had been of limited scope, since the challenges in that field could never be completely overcome.

4. With regard to disability, the Committee was expected at its current session to consider a draft resolution entitled "Standard Rules on the Equalization of Opportunities for Persons with Disabilities", recommended by the Economic and Social Council on the basis of a draft submitted to the Council by the Commission for Social Development, at the latter's most recent Vienna session in February. He wished to record the Secretariat's appreciation to those Governments which, through their generous contributions, had made it possible for an ad hoc open-ended working group to hold a series of meetings at which the Rules in question had been elaborated. He hoped that those Rules could be adopted at the Committee's current session.

5. The Third Committee should also consider the question of the long-term strategy for the implementation of the World Programme of Action concerning Disabled Persons to the year 2000 and beyond. There had been some delay in the elaboration of that strategy, owing to some differences of emphasis among Member States regarding the sequence of steps in the strategy. The progress achieved so far had been summarized in the informal background information note which had been circulated to members of the Committee. That note contained the framework

AGENDA ITEM 92: EXTERNAL DEBT CRISIS AND DEVELOPMENT (continued) (A/48/182, A/48/291-S/26242, A/48/338, A/48/345, A/48/353-S/26372)

7. Mr. NEBIE (Burkina Faso), citing statistics in the report of the Secretary-General on the international debt strategy as of mid-1993 (A/48/345), said that the total foreign debt of African countries had increased by more than 100 per cent in the past 10 years, while that of countries in sub-Saharan Africa had increased by more than 150 per cent. Debt and debt-servicing payments amounted to more than 11 per cent of the 1993 budget of his country, which with only meagre export earnings and a structural adjustment programme under way, required special attention.

8. Although the successes of the international strategy to manage the debt of the developing countries were welcome, further measures were needed to assist the developing countries, in particular, the least developed among them. His delegation favoured the complete cancellation of the bilateral public debt of the least developed countries and the prompt implementation of effective measures substantially to reduce their debt and debt-servicing costs with respect to loans from multilateral financial institutions and commercial creditors. His country was grateful to those parties which had already cancelled their share of his country's debt and pledged to continue to meet its obligation.

9. In conclusion, he underscored his delegation's belief that a lasting solution to the debt crisis would be found only if the measures already taken and those which were desired were accompanied by the establishment of a fair and equitable multilateral trading system and a re-evaluation of the terms of trade.

10. Mr. MARKER (Pakistan) said that the external debt crisis had consistently been dealt with in a piecemeal, sporadic and inadequate manner. Debt relief approaches had not been applied to all types of debt, which meant that many highly indebted countries did not receive relief. The problem was compounded by the fact that there was no single forum to deal with the total foreign debt portfolio. The absence of any formal mechanism to restructure the multilateral debt of developing countries also had obliged them to borrow to relieve pressure on their balance of payments, thereby further increasing the debt burden of many low-income developing countries. Despite increased financial flows to some parts of the developing world, the most vulnerable economies continued to face stagnating commodity prices, inadequate and stagnating development financing and a negative transfer of resources.

11. Concerted action by the industrialized countries to alleviate the debt burden of the developing countries would promote growth in the developing world, which in turn was critical to the growth of the world economy. Some highly indebted middle-income countries which had benefited from the Baker and Brady Plans had enjoyed a remarkable increase in access to private financing, which had enhanced their external economic viability.

12. The debt crisis in Africa, particularly sub-Saharan Africa, required urgent and immediate measures. It was regrettable that the seven major industrialized countries had been unable to reach agreement on the implementation of the

(Mr. Marker, Pakistan)

proposed "Trinidad terms", which had been designed to provide greater debt relief for low-income countries. The special measures taken by the French Government with regard to the bilateral official debt of a small number of debtor countries were commendable, and were worthy of emulation by other creditor countries.

13. Deliberations on the question of external debt must not ignore the increasing difficulties faced by low-income countries whose debt was largely from official bilateral or multilateral sources. Most of those countries had managed their economies prudently and had met their obligations in full, but at a heavy cost to their people in social terms. The structural adjustment process must not be pushed to the point where serious social and political disruptions might ensue. Low-income countries, which included his own, thus far had been bypassed by all debt initiatives. The financial situation of low-income countries such as his own must be viewed comprehensively, and innovative mechanisms must be devised to allow them to continue to grow and reach the point at which they could finance their own growth through commercial borrowing and foreign investment.

14. A durable solution to the debt problem would remain elusive without a marked improvement in the international economic environment. Reduced interest rates, innovative debt relief measures, an end to protectionism, enhanced cooperation for technology transfers and the stabilization of commodity prices were some of the elements needed.

15. Mr. HADID (Algeria) associated himself with the statement made by the representative of Colombia on behalf of the Group of 77 and China. The economic difficulties facing the developing countries were to a large extent attributable to their external debt, which had become critical. The African countries had the highest ratios of debt to gross national product (GNP) and exports. For most African and many other countries the net transfer of resources remained negative. Even where the transfer had become positive, the flow of resources was not sufficient to contribute in any significant measure to the financing of investment. Thus, as capital flows towards and direct investment in the developing countries declined, external debt continued to cause large net transfers of resources from the developing countries to the developed countries, which were accentuated by unstable exchange rates and high interest rates. Debt service seriously jeopardized the growth potential and development strategies of the developing countries, which were undertaking bold economic reforms and structural adjustment programmes. By swallowing up available funds and slowing foreign investment, external debt aggravated the political and social tensions produced by structural adjustment. External debt continued to be perceived and managed from a strictly financial point of view in the sole interest of the creditor countries and organizations, although it constituted a major political problem which required a global and concerted approach.

16. The selective and limited nature of recent debt-reduction and debt-conservation initiatives clearly demonstrated that such initiatives were designed to enable the international system to recover its debts, rather than to help the developing countries to surmount their difficulties. In order to deal effectively with the debt crisis, there should be a significant reduction of the

(Mr. Hadid, Algeria)

debt and debt service of the developing countries. Such an approach should form an essential, although non-exclusive component of any international strategy aimed at an equitable and definitive settlement of the external debt crisis of the developing countries. The creditor countries, institutions and banks and the debtor countries should engage in a new dialogue which took full account of the effects of the global transition under way, and make the necessary efforts to find a lasting and global solution for all types of debt and debtor countries. Particular attention should be devoted to the middle-income African countries, which had not benefited from any significant debt-reduction measures, as well as to those countries that, despite an unfavourable external situation, continued to honour their repayment obligations at considerable social and political cost to themselves.

17. Any solution of the external debt problem must be accompanied by a tangible improvement in the international economic environment. In that connection, the Secretary-General's proposal, made at the summer 1991 session of the Economic and Social Council, regarding the convening of an international conference on the financing of development, should be seriously reconsidered since it would provide a suitable forum for dialogue and proposals. Growth and economic development could be promoted by strengthening and liberalizing the international trade system and by stimulating commodity exports, inter alia, by ensuring better prices.

18. Mr. ALDOSARI (Bahrain) said that the external debt crisis as reflected by the high external debt indicators for the capital-importing developing countries for the period 1982-1992 was having an adverse impact on development and international stability. External debt had continued to grow, reaching $1.4 trillion in 1992. In order to alleviate the debt crisis, the international trade system should be strengthened and national policies revised. The debtor countries should increase their savings and investment rates and seek to attract long-term capital flows. In addition, there was a need for increased trade and greater access to markets. It was important to guarantee the social welfare of those groups most affected by economic reforms in the debtor countries, in particular the low-income groups, in order to ensure social and political stability. International programmes should aim at global and durable debt relief in order to lay the foundations for development and to close the gap between developing and developed countries, as well as to reduce poverty and promote education, health and housing.

19. Mrs. MAIKARFI (Niger) associated her delegation with the statement made by the representative of Colombia on behalf of the Group of 77. Although a number of steps had been taken to alleviate the debt crisis in many countries, progress had been achieved only on specific categories of debt and was not sufficient to guarantee the developing countries the international capital and investment they needed to resume growth. Moreover, that progress had been confined mainly to the Asian countries, most of which were undergoing exceptional growth. The situation in sub-Saharan Africa remained extremely critical. The structure of external debt in Africa had not changed greatly since 1991. Commercial debt had stagnated owing to the increasing insolvency of many countries. Despite debt-relief measures, public debt had grown by 3.7 per cent, and a number of countries had been unable to fulfil their debt-service obligations. The

(Mrs. Maikarfi, Niger)

Organization of African Unity (OAU) had therefore called for a re-evaluation of the situation and had appealed to the international community to reinforce existing mechanisms and to establish new ones to address the problem satisfactorily.

20. Her delegation appealed to the creditor countries to demonstrate their political will to contribute to a radical solution of the debt crisis by showing greater solidarity and cancelling the entire debt of the least developed countries. Her country had hoped that the Group of Seven would take a decision to that effect when they met in Tokyo in July. However, they had not taken any vigorous action to enhance the reimbursement capacity of the debtor countries. She did not agree with the conclusion in paragraph 53 of the report of the Secretary-General (A/48/345) that solving the debt problem of the developing countries would not ipso facto solve their development problem. Elimination of the debt burden would contribute decisively to development since it would free funds for social and environmental investment and thereby stimulate the economy. Priority should therefore be given to the complete cancelling of the debt of the least developed countries, to debt-relief for other developing countries, to the reallocation of funds from debt-service to the financing of economic and social projects and to making widespread use of debt-for-nature swaps, which helped to promote a country's environment and economic situation at one and the same time.

21. Mr. BANGALI (Sierra Leone) endorsed the comments made by the representative of Colombia on behalf of the Group of 77. External debt and debt-servicing continued to impose severe constraints on his country's economic growth. There was total stagnation of development programmes, and the Government was unable to meet the basic social needs of the people. In addition to the unfavourable global economic environment, Sierra Leone's situation was further worsened by the rebel war imposed on it from Liberia, which placed an exorbitant burden on the country and considerably reduced the resources available for key sectors of the economy. Sierra Leone had had to increase its debt level thereby jeopardizing its future socio-economic prosperity. It could no longer reimburse or even service its debts and was caught in a vicious cycle of poverty and indebtedness. His delegation therefore intended to introduce a resolution calling for international economic assistance for the reconstruction and rehabilitation of the devastated areas of Sierra Leone.

22. While there had been several important developments in international debt policy in the past year, there was still room for further debt relief measures and the management of bilateral debt. The Paris Club should ensure a wider application of the concept of eligibility under the enhanced Trinidad terms to cover a large number of low-income debtor countries. For many developing countries the debt problem had become critical. In conclusion, he expressed his gratitude to all those countries that had rescheduled Sierra Leone's debts and to the few that had actually cancelled some of those debts. The establishment by the developed countries of a global debt cancellation mechanism would be an important step towards solving the debt crisis and alleviating poverty in the developing countries.

23. Miss OCAMPO (Philippines) said that there were two ways to alleviate the debt problem: either indirectly, by helping indebted developing countries to increase their national income in order to have greater resources with which to pay their external debt; or directly, by condoning, cancelling or writing off the debts.

24. The most significant elements of the indirect method of assisting indebted developing countries were production and trade. Production covered not only all sectors of the national economy but also product diversification, enhancement of productivity and pursuit of comparative-advantage opportunities. However, all the production efforts of indebted developing countries would be irrelevant as long as access to the markets of industrialized countries was barred by protectionist policies and onerous tariff or non-tariff barriers.

25. While the efficacy of the various debt-reduction or debt-service schemes, as well as innovative swap arrangements, could not be denied, those measures were not sufficient to wipe out the developing countries' $1.4 trillion debt. Her delegation was convinced that the best solution was debt cancellation in accord with a realistic assessment of a country's capacity to pay. The scope of the Toronto and Trinidad terms for least developed countries should be broadened to include low- and lower-middle-income countries.

26. The United Nations was a useful forum for focusing international attention on the external debt problem. Governments of creditor countries, either individually or collectively, had proposed solutions to the problem, and at the first session of the Commission on Sustainable Development many delegations had appealed for debt reduction and debt condonation and cancellation. Debt cancellation might require not only close coordination between Governments and the creditor banks under their jurisdiction but also a heroic degree of political will. It was high time for the States Members of the United Nations to manifest that political will.

27. Mr. NAADJIE (Ghana) said that, more than any other issue, the debt burden was undermining opportunities for the recovery and growth of African economies. The international strategy to address the social and political dimensions of external debt, which involved debtor as well as creditor countries, should therefore be reappraised. The debt crisis was hampering efforts to increase world output and to restructure and integrate the economies of developing countries fully into the world economy.

28. The international strategy for resolving the debt crisis had failed to remove completely the underlying causes of the crisis. As the crisis deepened in the poor and low-income countries, their capacity to attract foreign direct investment was further weakened, thus depriving them of opportunities that would enable them to meet their peoples' basic needs. Low commodity prices, protectionist measures, currency instability and many other factors placed severe constraints on the development efforts of developing countries that were already overburdened with debt.

29. Existing official debt-reduction schemes had failed to improve the difficult situation of debtor countries. While debt-reduction schemes

(Mr. Naadjie, Ghana)

negotiated by individual developing countries were practical, they provided only short-term solutions and did not affect the international financial relations considered crucial to any solution of the crisis.

30. The first step towards achieving the start for a lasting solution should be the outright cancellation of the debt of the world's poorest and most severely indebted countries. That should be followed by other measures that should include action on all categories of external debt, whether bilateral, multilateral or commercial. The greatest boost the rich industrialized nations could give to world economic recovery was to design and implement a comprehensive debt-cancellation mechanism that would enable every national economy to grow.

31. Mr. BURKURU (Burundi), after endorsing the statement on external debt crisis and development made by the representative of Colombia on behalf of the Group of 77, said that the external debt burden of the African economies was having a negative effect on sustainable development and was even threatening development. Export earnings were being swallowed up by debt-service payments instead of being used to meet the basic needs of the population. In sub-Saharan Africa, the debt-to-GNP ratio and the debt-to-export ratio were almost three times the average for all developing countries. More than 50 per cent of Burundi's export earnings were used to service its external debt. His delegation therefore welcomed the various initiatives that had been taken to alleviate the external debt of developing countries.

32. His delegation called upon the multilateral financial institutions to take more vigorous measures to manage the debt crisis of the developing countries. One way of solving the problem would be to cancel the debt owed to those institutions by the poorest countries whose economic recovery would be impossible unless their external debt was cancelled. In addition to measures to alleviate the adverse effects of debt on the economies of developing countries, the principal creditor countries should endeavour to increase development financing.

33. Mr. MURIITHI (Kenya) said that the debt burden of developing countries had retarded their development efforts and their ability to provide such essential social and economic services as housing, education, health care and food. The situation was further exacerbated by the negative effects of structural adjustment programmes, the diminishing flow of official development assistance (ODA) to developing countries, the sharp fall in commodity prices and escalating protectionism in the developed countries.

34. In his report (A/48/345), the Secretary-General highlighted a number of measures being taken by the international community to alleviate the debt burden of the developing countries. However, those measures by and large covered only bilateral debt. The debt owed by developing countries to multilateral financial institutions had not changed and there was no formal framework for restructuring it. A study should be undertaken to examine what debt-relief measures could be taken by multilateral financial institutions to put in place innovative measures to alleviate the debt owed to them by developing countries.

35. Mr. SEQUEIRA (Nicaragua) said that as yet there was no sign among the developed economies of the political will needed to reach a comprehensive solution. The level of debt had increased substantially as a result of renegotiations which were aimed at ensuring the solvency of the international financial system rather than that of debtor countries.

36. Steps taken thus far had greatly alleviated the debt problem for some high- and middle-income developing countries with broader and more diversified economies, but they had not addressed the special conditions affecting low-income countries. Nicaragua itself had the world's highest per capita debt in relative terms. Without a swift and radical solution, the economic and social reconstruction of Nicaragua would be practically impossible. The mechanisms applied to commercial debt were out of reach for low-income countries because of their limited ability to buy back debt. It was a cause for concern that any rescheduling of multilateral debt-servicing obligations was forbidden and debt owed to such institutions was the only category of developing-country debt that had no formal restructuring framework. Nicaragua had honoured its payment agreements, but there were limits to its ability to continue doing so given the social and political reality in which economic adjustment programmes were administered. What was best from a technical standpoint was not necessarily viable in the social and political context.

37. In order to achieve a just and lasting solution, the debtor countries must work with the developed countries, taking into account the shared responsibility of both debtors and creditors. In the international context, steps must be taken to improve the terms of trade, particularly commodity prices, dismantle protectionism and eliminate agricultural subsidies granted by some developed countries. Thus, more competitive conditions would be created for the developing countries with a resulting decline in demand for financial resources to stabilize the balance of payments, and therefore, an increase in the ability to repay debt without affecting economic growth.

38. Mr. CALOVSKI (The Former Yugoslav Republic of Macedonia) said that his country would not be able to solve its debt problems without international support. Like many other countries in transition and developing countries, its debt crisis was far from over. At its current session, the General Assembly must give priority to the resolution of the debt crisis, for there could be no improvement in the international situation and no development for many countries unless the debt crisis was resolved.

39. Mr. SWETJA (Indonesia) said that, although aggregate debt indicators had improved, excessive indebtedness remained a constraint to the prospects of many severely indebted low- and lower-middle-income countries, especially in Africa. Even in Asia, indebtedness was still rising. Thus it would be premature to state that the debt crisis was largely over. Developed and developing countries alike should employ sound economic policies and pursue confidence-building strategies of economic adjustment that would help build domestic savings and attract investments and long-term capital inflows for developing countries. The developed countries would gain from the resulting increased stability in international financial flows and exchange rates as well as the potential benefits of enhanced international trade. The developed countries obviously had

(Mr. Swetja, Indonesia)

a greater impact on the external environment; thus, a successful conclusion of the Uruguay Round of multilateral trade negotiations would generate hundreds of billions of dollars in increased trade. Likewise, if commodity prices could be stabilized at levels fair to both producers and consumers, many of the commodity-dependent developing countries would be in a better position to grow out of their debt problems.

40. In order to achieve a development-oriented debt strategy, the tripartite approach, involving developing debtor countries, creditor countries and the relevant financial institutions, must be strengthened. The stock and service of debt, particularly for low-income, highly-indebted developing countries, must be further reduced. Indonesia had learned from its own experience that repeated rescheduling of loans did not work. A better approach would be to give the most severely indebted countries substantial debt and debt-service reductions in a single operation, rather than in stages. The international community should adopt the Trinidad terms in order to strengthen that comprehensive strategy. Furthermore, the eligibility criteria should be applied less rigidly so that a larger number of countries could benefit. South-South cooperation could also contribute significantly to resolving the debt crisis.

41. Resolving the debt problem of developing countries would not in itself solve their development problems. In order to achieve the goals of development, there must be a democratic partnership and a constructive dialogue between debtors and creditors and relevant financial institutions.

42. Mr. DIAZ (Venezuela) said that although there had been some positive developments in the strategies aimed at reduction of debt and debt-servicing, such as those implemented by the Paris Club for low-income countries, his delegation did not believe that the debt issue should disappear from the international agenda. It was no secret that the efforts of developing countries to correct their economic imbalances, adjust their balance of payments and achieve fair access in international trade were being undermined by the structural adjustment measures that were being implemented by many developing countries and by the growing protectionism of the international economic environment. In countries such as his own, that was resulting in serious political, economic and social instability that was jeopardizing democratic institutions. Thus, it was more important than ever to retain that item on the agenda. His delegation therefore suggested that consideration be given to the possibility of rearranging the payment terms for highly-indebted developing countries and called for the swift and successful conclusion of the Uruguay Round, which would establish the minimum conditions for fair trade thereby allowing growth in developing countries.

The meeting rose at 5 p.m.